



2004 Montana Disregarded Entity Information Return

MONTANA
DER-1
Rev. 2-05

For calendar year 2004 or tax year beginning _____, 2004; ending _____, 20_____

Check if Applicable: <input type="checkbox"/> Initial Return <input type="checkbox"/> Final Return <input type="checkbox"/> Amended	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Name</td> <td style="width: 40%;">Check box if this is <input type="checkbox"/> a change of address.</td> </tr> <tr> <td colspan="2">Address</td> </tr> <tr> <td>City</td> <td>State Zip + 4</td> </tr> </table>	Name	Check box if this is <input type="checkbox"/> a change of address.	Address		City	State Zip + 4	FEIN or SSN: _____ _____
Name	Check box if this is <input type="checkbox"/> a change of address.							
Address								
City	State Zip + 4							

1. Business name(s): _____
2. Date of first filing with the Montana Secretary of State: _____
3. State or country where incorporated or formed: _____
4. Date incorporated or formed: _____

5. Disregarded Entity Type (Check appropriate entity type)

- Single Member Limited Liability Company
 Owner type (see listing under Where to File) _____
 If the single member is an individual who is a full-year Montana resident during the applicable reporting period, it is not necessary to file Form DER-1.
- IRC § 761 Partnership
 Date of IRC § 761 election: _____
 Internal Revenue Service Center where the election is filed: _____
- IRC § 1361(b)(3) Qualified Subchapter S Subsidiary
 Date of IRC 1361(b)(3) election: _____
 Internal Revenue Service Center where the election is filed: _____
- IRC § 856(i)(2) Qualified Real Estate Investment Trust Subsidiary
- IRC § 860D Real Estate Mortgage Investment Conduit (REMIC). Attach a copy of Federal Form 1066.

Payments

6. **Disregarded Entity Information Return Late File Penalty Payment**
 Disregarded entity late file penalty (see instructions)..... 6. _____

Disregarded Entity Backup Withholding Estimated Payment from Schedule I

7. Montana corporation license tax withheld from Schedule I, column G..... 7. _____
8. Montana individual income tax withheld from Schedule I, column H..... 8. _____
9. Total disregarded entity backup withholding estimated payments (add lines 7 and 8)..... 9. _____

Disregarded Entity Combined Payment Due

10. Total payment due (total of lines 6 and 9)..... 10. _____

Declaration

I, the undersigned, declare that I am authorized to sign the disregarded entity return and that the return, including all accompanying attachments, is, to the best of my knowledge and belief, true, correct and complete.

Signature	Title	Telephone Number	Date
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Instructions for Form DER-1, Disregarded Entity Information Return

Who Must File an Information Return

Every disregarded entity engaged in business in the State of Montana and having Montana source income must file an annual disregarded entity information return, Form DER-1, unless you are a single member limited liability company whose sole member is an individual who has been a full-year Montana resident during the applicable reporting period.

Montana Taxable Income

All owners of a disregarded entity must report their percentage of income and deductions derived from Montana sources to the Montana Department of Revenue. A resident individual owner must report Montana source income attributable to the disregarded entity on his or her Montana individual income tax return (Form 2). A Nonresident individual, foreign C. corporation or a second-tier pass through entity owner must:

- Sign a consent agreement (Form PT-AGR) agreeing to timely file a Montana individual income tax return or corporate license tax return, pay all taxes due and be subject to jurisdiction of the state. (see instructions of Form PT-AGR)
- Sign a second-tier pass through entity owner statement (Form PT-STM) providing information about it's owner (see instructions of Form PT-STM); or
- In absence of signing the consent agreement or owner statement, the disregarded entity must withhold 11% of the nonresident owner's or second-tier pass through entity owner's or 6.75% of a foreign C. corporation's owner's share of Montana source income as reported on the disregarded entity's return. This withholding is reported to the owner on Form PT-WH. Amounts withheld must be remitted by the disregarded entity and reported on Schedule I.

When to File

Filing due dates for Form DER-1 are as follows:

➤ **Single member limited liability company whose single member is a:**

C. corporation Form DER-1 is due on or before the 15th day of the third month following the close of the C corporation's annual accounting period.

S. corporation Form DER-1 is due on or before the 15th day of the third month following the close of the S corporation's annual accounting period.

Qualified Subchapter S Subsidiary Form DER-1 is due on or before the due date of the parent S corporation's information return.

Real Estate Investment Trust (REIT) Form DER-1 is due on or before the 15th day of the third month after the close of the REIT's annual accounting period.

Qualified REIT Subsidiary Form DER-1 is due on or before the due date of the parent REIT's information return.

Individual, Estate or Non-Grantor Trust Form DER-1 is due on or before the 15th day of the fourth month following the close of the annual accounting period of the individual, estate, or trust.

Partnership Form DER-1 is due on or before the 15th day of the fourth month following the close of the partnership's annual accounting period.

Real Estate Mortgage Investment Conduit (REMIC) Form DER-1 is due on or before the 15th day of the fourth month after the close of the REMIC's annual accounting period.

Electing IRC 761 Partnership Form DER-1 is due on or before April 15, 2005.

Any other single member not described above Form DER-1 is due on or before August 31, 2005.

➤ **IRC 761 Electing Partnership (Syndicate, Group, Pool, Joint Venture, or other Unincorporated Organization).**

Form DER-1 is due on or before August 31, 2005.

➤ **Qualified Subchapter S Subsidiaries** (as defined in IRC 1361(b)(3)).

Form DER-1 is due on or before August 31, 2005.

➤ **Qualified Real Estate Investment Trust Subsidiary** (as defined in IRC 856(i)(2)).

Form DER-1 is due on or before the due date of its parent REIT's information return.

➤ **Real Estate Mortgage Investment Conduit (REMIC)** (as defined in IRC 860D).

Federal Form 1066, Real Estate Mortgage Investment conduit Income Tax Return is required to be filed on or before the due date (including extensions) for filing its federal return.

What Must be Filed

A disregarded entity that has as its owner a nonresident individual, foreign C. corporation or a second-tier pass through entity in tax year or fiscal year 2004, must also file Form DER-1.

- Form PT-AGR, Montana Pass-through Entity Owner Tax Agreement or Form PT-STM, Second-Tier Pass-through Entity Owner Statement.
- Schedule I Montana Disregarded Entity Owner Information identifying the owner or owners of the entity, and where applicable, the amount withheld, or the date the agreement or statement is signed.

A disregarded entity is allowed an automatic paperless extension of time to file Form DER-1 upon approval of an extension to file a federal return. This extends the time for filing Form DER-1 to the date approved for filing the disregarded entity's federal return. If no federal return is required a six-month extension is allowed from the due date of the DER-1.

Montana Disregarded Entity Owners Information, Schedule I

List the name, address, and social security or federal identification number and ownership percentage of each owner, member or partner during the tax period. If a Qualified Subchapter S Subsidiary or a Qualified Real Estate Investment Trust, provide the name, address and federal identification number of the S corporation or REIT parent.

Provide the amount of the total Montana source income, gain, loss, deduction or credit for each owner, member or partner listed.

Columns F through I. To be completed if the owner of the disregarded entity is a nonresident individual, foreign C. corporation or a pass-through entity, who itself has an owner, a nonresident individual, foreign C. corporation or a pass-through entity.

Column G. If the owner is a foreign C. corporation who has not submitted a completed Form PT-AGR, the disregarded entity must withhold and remit to the Department 6.75% of the owner's share of Montana source income from the disregarded entity.

Column H. If the owner is a nonresident individual or a pass-through entity that has not submitted a completed Form PT-AGR or PT-STM, the disregarded entity must withhold and remit to the Department 11% of the owner's share of Montana source income from the disregarded entity.

Column I. If the owner has completed either Form PT-AGR or PT-STM enter the tax year the form was signed. See filing instructions on the form.

Late-File Penalty for failure to file Montana Form DER-1 by the original due date, including extensions

The late-file penalty is calculated by multiplying \$10 times the number of the pass-through entity's partners, shareholders, members, or other owners at the close of the tax year for each month or fraction of each month the information return is not filed, not to exceed five months. For example, if a pass-through entity had 20 members at the close of its tax year and filed its information return six months after it was due, the late-filing penalty would be \$1,000 ($\$10 \times 20 \times 5$). For a disregarded entity that does not have a tax year, the number of partners, shareholders, members, or other owners will be determined as of the preceding December 31st.

The late-file penalty is not imposed on pass-through entities having 10 or fewer partners, shareholders, members or other owners if the entity can show that each of the owners have filed their required tax return timely, including extensions, to the department and have paid all taxes when due.

Where to File

Mail DER-1 to:

Montana Department of Revenue
P.O. Box 8021
Helena, MT 59604-8021